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I INTRODUCTION

The current recession is affecting municipalities. High unemployment and a dramatic increase in bankruptcies and plant shutdowns are undermining the economic stability and well-being of communities.

To break these trends, municipalities are developing techniques to bolster local economy. Politicians, administrators and community members are realizing that economic development activities are essential at the local level. This aggressive role is intensifying competition between municipalities, provinces and, on an international scale, countries. To avoid wasting time and money, municipalities must pursue sophisticated techniques and clearly thought out actions.

This report illustrates how municipalities are being forced to adjust their traditional approach to economic development. The main catalyst for these changes is an increased appreciation of overall economic trends and the local economy. Problems with current strategies are reviewed and solutions are suggested.

The progress municipalities have made in developing a strategy is reviewed and the areas where issues remain unresolved are identified. Although economic development is too complex for one answer, recommendations on how municipalities can evaluate or plan their current and future role are presented.

II CURRENT ECONOMIC TRENDS

Economic trends in Canada must dictate local economic development activities. Knowing what these trends are and how they relate to the local economy is critical in developing a local strategy which anticipates change and adjusts to new circumstances.

Importance of Existing Businesses

The growth rate of business investment across Canada has slowed dramatically. In its 19th Annual Review, the Economic Council of Canada stated:

> The latest Conference Board Survey of Business Attitudes suggests that "business confidence in the investment climate continued to deteriorate in the first quarter" of 1982. This coincides with Statistics Canada's survey, Private and Public Investment in Canada: Mid-Year Review for 1982, which reports that capital spending in the business sector will increase by only 3.6 per cent in 1982. Given the rate of inflation, this translates into a substantial decline in real investment spending. Impediments to higher business investment spending are: high interest rates, weak market demand, government policies, poor profit performance, current liquidity position, and underutilization of existing capacity.[1]

These factors, combined with the intense international competition, are forcing some changes in municipal economic development activities. The emphasis on trying to attract new industries must be replaced by a recognition of the potential of existing industries. For a municipality to compete on an international scale for a large manufacturing industry demands time, money and an excellent sales pitch. Most areas are unsuccessful.

Development activities must concentrate on retaining and expanding the existing economic base. Local industries generate 80% of the growth. This can be anything from increasing a current operation to introducing a new product. Only 20% comes from the influx of new industries.

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[1] Economic Council of Canada, Lean Times, Policies and Constraints, 1982, p. 7.

What is needed is a change of emphasis and attitude. Industrial promotion staff who previously concentrated on new industries must begin to use many of the same techniques for their existing ones. They must act as a point of contact for businesses and provide information about land, infrastructure, etc. They must work on relieving any of the tensions which exist between the municipality and the industries. In some areas, committees are being set up which bring business and municipal officials together. The result is an increase in understanding and a more positive attitude toward the community. As well, the municipal staff can encourage development of new products and technologies which complement existing firms and needs by promoting research and innovations in conjunction with companies and universities.

The 80/20 principle is extremely important for municipalities. A concentration on keeping what you have will prove more successful than large budgets to attract large new plants.

Small Business vs. Large Business

Small businesses are growing at a faster rate than large ones. Manufacturing plants with 50 people or less have the highest growth rate, as shown in Table 1.

Therefore, the emphasis which some municipal and provincial programs place on attracting large industries is risky. Table 2 indicates that few have been obtained. Many of these were encouraged by provincial grants and incentives. The municipal outlay of money for infrastructure, roads, schools, and such was high. For example, in the late 1970's it cost

> the city of Windsor, Ont., . . . $6.8 million to build a new expressway to the new $533 million engine plant Ford Motor Co. [was] building there. The expressway was part of a package of concessions worth $68 million that the Province of Ontario and Ottawa had to put together to win the new Ford plant from Ohio.[1]

Besides the large initial costs of the location, large branch plants can leave as quickly as they arrive. The recent shutdowns of large plants illustrate the problem of relying on outside markets. This is not as true

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[1] "Are you wasting funds buying big business?", Municipal World, April 1979.

for smaller companies who have at least a portion of their market locally. If a municipality spent the same funds underpinning local small businesses that often go bankrupt because of under-financing or lack of technology, they would be much further ahead economically.

Table 1 Growth in Manufacturing by Plant Size - Canada
(Number of Employees & Percent Change)

Number of employees	1978 #	77/78 Change	1979 #	78/79 Change	1980 #	79/80 Change	Overall 3 Year Change #	Overall 3 Year Change %
0- 4	14,939	26.4%	17,977	20.3%	19,265	7.2%	4,326	28.9%
5- 9	34,290	18.9	38,241	11.5	41,065	7.4	6,775	19.8
10- 19	75,816	11.1	78,282	3.3	80,588	2.9	4,772	6.3
20- 49	193,375	11.5	194,639	.7	195,551	.5	2,176	1.1
50- 99	207,346	5.2	213,295	2.9	215,061	.8	7,715	3.7
100-199	292,544	6.7	284,495	-2.8	277,727	-2.4	-14,817	-5.1
200-499	352,745	2.5	380,014	7.7	381,676	.4	28,931	8.2
500-999	219,425	-1.2	241,398	10.0	225,439	-6.6	6,014	2.7
1000+	307,589	4.1	331,661	7.8	315,657	-4.8	8,068	2.6
Head & Sales Office, etc.	92,780	4.1	76,196	-17.9	98,380	29.1	5,600	6.0

Source: Statistics Canada, 31-203, Manufacturing Industries of Canada

Municipalities are beginning to take these facts into account.

> St. John's and most other cities are seeking small manufacturers or service companies that are more likely to meld with ease into the local environment. Says Bath [assistant economic development officer], "As far as we're concerned, it's better to have 20 industries employing 50 people all the time than one big refinery that ends up in mothballs.[1]

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[1] "The Courting of Industry", Canadian Business, December 1981, p. 86.

Table 2 Number of Manufacturing Plants by Employment Size - Canada

Size	1977 #	1977 % of total	1978 #	1978 % of total	1978 % inc. or dec.	1979 #	1979 % of total	1979 % inc. or dec.	1980* #	1980* % of total	1980* % inc. or dec.
0- 4	6,586	23.76	8,481	26.53	28.77	9,992	28.89	17.81	10,201	28.73	2.09
5- 9	4,422	15.95	5,288	16.54	19.58	5,906	17.08	11.68	6,347	17.88	7.46
10- 19	4,847	17.48	5,429	16.98	12.00	5,691	16.45	4.82	5,872	16.54	3.18
20- 49	5,509	19.87	6,148	19.23	11.59	6,197	17.92	.79	6,272	17.67	1.21
50- 99	2,822	10.18	2,962	9.26	4.96	3,048	8.81	2.90	3,086	8.69	1.24
100-199	1,923	6.93	2,004	6.26	4.21	1,994	5.76	- .49	1,971	5.55	-1.15
200-499	1,137	4.10	1,174	3.67	3.25	1,262	3.64	7.49	1,267	3.56	.39
500-999	330	1.19	33C	1.03	-	338	.97	2.42	331	.93	-2.07
1000+	139	.50	147	.45	5.75	150	.43	2.04	148	.41	-1.33
	27,715	100.00%	31,963	100.00%		34,578	100.00%		35,495	100.00%	

* These figures are preliminary.

Source: Statistics Canada, 31-203, Manufacturing Industries of Canada

Shift to Service Industries

Table 3 shows the recent increase in the service sector (which is labour intensive) and the decline in the proportion of manufacturing employment (which is becoming less labour intensive). This pattern will continue and is reflected in municipal economies with strong commercial or non-traditional bases. However, municipalities, in trying to arrive at a strategy for economic development, must keep these trends in perspective. The service sector has location requirements more difficult to satisfy in areas outside major centres.

Despite the declining share of total employment, manufacturing employment in actual terms has been rising. Growth in the manufacturing sector will continue.

Table 3 Estimates of Employees By Industry for Canada and Changes 1965 - 1982

	1965	1970	65/70 Change	1975	70/75 Change	1980	75/80 Change	1981	80/81 Change
	(000)	(000)		(000)		(000)		(000)	
Mining	114.8	128.7	12.1%	131.5	2.1%	170.2	29.4%	178.0	4.5%
Manufacturing	1554.3	1647.6	6.0	1755.2	6.5	1851.2	5.4	1883.9	1.7
Construction	362.7	365.6	.8	450.8	23.3	455.4	1.0	475.1	4.3
Transportation, Communications	625.7	667.4	6.6	764.1	14.4	842.8	10.2	849.6	.8
Trade	898.4	1080.7	20.2	1380.8	27.7	1555.6	12.6	1629.0	4.7
Finance, Insurance & Real Estate	240.6	305.8	27.0	423.1	38.3	517.1	22.2	533.1	3.0
Community, Business & Personal Services	1370.7	1850.3	34.9	2310.5	24.8	2766.5	19.7	2932.4	5.9
Public Administration & Defence	362.0	449.6	24.1	592.4	31.7	635.6	7.2	628.3	-1.1

Source: Statistics Canada, 72-008, Estimates of Employees by Province and Industry

III UNDERSTANDING THE LOCAL ECONOMY

Most municipalities began economic development activities without totally understanding the implications. The shotgun approach was the most common. A municipality heard of a company's desire to locate a new plant and put its energies and money into attracting that industry. This approach was very high risk since few municipalities realized any returns. Neither did they evaluate the industry and its appropriateness to the local economy, labour force or community. The result was wasted time, money, and increased frustration.

This scenario is changing slowly. According to Ken Burke, President of the Ontario Industrial Development Council Inc. (O.I.D.C.),

> The public conscience has become increasingly sensitive to the true implications of development. It has been realized that what is really being sought is not manufacturing plants alone, but rather capital investment to produce a more balanced growth. Because of its impact upon the economic, social and political development of a community and conversely their affect upon it, industrial development today is assuming a much more comprehensive role.[1]

This search for capital investments has shifted the emphasis away from the old "shotgun" approach. It has not, however, alleviated problems such as defining what economic development is possible, and desirable.

Growth - Is It Possible?

Many municipalities assume they want economic growth. In fact, growth is seen as an end in itself. The potential increase in taxes, employment, stability, prestige, spin off services, and improved municipal services makes growth an attractive proposition. Municipalities make two mistakes with this assumption, however.

First, economic development is not infinite. To meet the projected growth indicated in the local and provincial plans, the current Canadian economy

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[1] Ken Burke, "Approaches and Pitfalls in Municipal Economic Development - An Overview", (address to a seminar on "The Role of Municipal Government in Economic Development", sponsored by Intergovernmental Committee on Urban and Regional Research, October 1981.)

would have to double or triple. The projections of economic growth, therefore, are unrealistic.

Competition for industries, commercial establishments and tourism is high. Municipalities must realistically assess what is possible for them to achieve based on their strengths and weaknesses. As well, they act in an environment determined by factors outside their sphere of influence (such as international competition and trade policies, technological changes, etc). Aggressively pursuing growth will not guarantee growth.

This leads to the second concern. Even if growth is attainable, getting some growth will not guarantee prosperity. For example, in Bruce County, Ontario, the area municipalities welcomed the rapid growth caused by the Bruce Nuclear Power Development. However, the previous economic base of tourism and furniture making was undermined. According to the chairman of the Bruce County Economic Development Committee,

> The tourism industry became stunted and competition arose for skilled workers between Ontario Hydro and the indigenous furniture industry causing most of them to collapse. Thus, while the Bruce Nuclear Power Development brought new opportunities and a new level of affluence it also caused many distortions in its traditional local industries. Now there is a new problem. Construction at BNPD is winding down and the county is faced with a declining population and diminishing payroll. Many municipalities, particularly those along the lakeshore, having planned for growth are now finding themselves in the position of having to adjust to a dramatic weakening of their local economy.[1]

Are communities willing to pay the price of development? Distinct costs arise such as: changes in life style, income, and social structure; more traffic, parking problems and higher transit demand; increase in demand for rental and ownership housing; increased services; higher taxes; overcrowding; misuses of land; schools.

In addition, industries not only pay taxes but require services which might not have been provided. The Region of Waterloo, Ontario looked at the overall impact of increasing each of its member municipalities' commercial/

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[1] "Economic Development Potential for Small Urban Ontario", Municipal World, June 1979, p. 146.

industrial base by $1 million. After taking into account increases in tax revenue, the adjustment in terms of provincial grants and the costs of providing services,[1] all seven municipalities would experience a net loss in revenue.

A net loss is not likely in all situations. The need for evaluation is essential. A computer program has been developed in Montreal aimed at assessing the plethora of factors needed to determine the issue in a municipality.[2] Knowing the cost implications of a decision is imperative. Municipalities must question the premise that they would gain financially from new development.

Many municipalities want growth without its ensuing price - which is impossible. Industrial development may or may not be the best thing. Strategic planning is needed for positive results.

Local Analysis & Economic Expansion

Knowing how a community functions economically and its potential for development must be the basis for any economic development strategy. Some municipalities ignore this obvious step. For instance, one municipality bought a large industrial park about 20 miles from the downtown. After the purchase, a consultant was hired to set goals and design a marketing strategy. Few companies would consider locating there, since the community was identified as having frequent labour disputes. The consultant recommended the study be aborted, the park be sold and the province be persuaded to locate a facility there. This scenario is common.

Statistics Canada published a booklet in 1981 entitled "How Communities Can Use Statistics".[3] The efforts of a Local Economic Development Committee to analyze a city's economic structure are presented. Population figures, employment characteristics, industrial activity, commuting patterns, climate, community services, housing, schooling, recreational services, utilities,

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[1] Harry Kitchen, Issues in Municipal Finance, Waterloo Regional Review Commission, 1978, Chapter 6.

[2] This package is called URMAP developed by BGH planning services Inc.

[3] Available from Statistics Canada, Ottawa, Ontario

transportation, budget statements, mill rates, are important factors in understanding a local economy. Smaller municipalities will find this booklet useful in determining how a community functions.

Detailed analysis of the economy forms the basis of a plan for all municipalities. The sectors of the local economy, the current trends, the economic, social and political factors, the facilities, services, housing, amenities available, the current business climate, are all critical to moving from the shotgun approach to a rational approach to development.

As well, municipalities must develop other data for specific development activities. If the focus is on attracting outside industry, these data must indicate the capacity of municipal resources and infrastructure to accomodate additional industry, and the suitability of the municipality to the prospective industry's operation.

Different industries use different factors in determining a location for new operations. Many are industry specific. The Conference Board did a survey in 1979 of factors in location decisions for plants and corporate headquarters.[1]

Table 4 Key Factors in Future Plant Locations

Factor	Frequency
1. Availability of trained labour source	8.9%
2. Access to markets and suppliers	8.9%
3. Energy costs	7.7%
4. Community facilities and quality of life	7.1%
5. Labour conditions, rates and productivity	7.1%
6. Local taxes and other costs	6.5%
7. Transportation	5.9%
8. Return on investment, profitability	5.9%
9. Customer requirements	5.9%
10. Business/government relations	5.3%
11. Management and operational needs	4.7%
12. Cost of land, leasing	3.6%
13. Local capacity for growth	3.5%

[1] Leonard Lund, Factors in Corporate Location Decisions, Conference Board, 1979.

Table 5 Key Factors in Headquarter Location Decisions

Factor	Frequency
1. History, tradition and local ties	8.8%
2. Community quality, including cultural	7.8%
3. Labour supply	6.8%
4. Local taxes and regulatory fees	6.8%
5. Proximity to operating units	5.4%
6. Access to markets and suppliers	5.4%
7. Stability of local government	4.4%
8. Adequacy of physical facilities	4.4%
9. Financing availability and incentives	4.4%
10. Worker access	3.9%
11. Transportation of goods and resources	3.9%
12. Labour conditions and rates	3.9%
13. Cost of moving and disruption	3.4%
14. Housing availability	3.4%
15. Personal considerations of CEO or other top personnel	3.4%

These listings provide a rough indication of some factors considered. Municipalities can exercise control over many of these. Sometimes economic considerations will dictate actions; other times non-economic factors will take precedence.

These charts also indicate the potential for expansion of existing businesses. The ability of present industries to expand, develop new products and processes, spin off new economic activity and promote complementary industries is enhanced by municipal activities. Previous investment, relocation costs, production disruptions, mitigate against a move.

The data requirements for this sector are somewhat different and are largely ignored at the local level. An understanding of the existing industries' markets, suppliers, skill requirements, technological changes in the field, must be developed. Only with this will muncipalities be able to utilize whatever potential exists. It is more efficient to concentrate on the processes of growth within the municipality. Where and how is economic

activity generated? When and why do industries grow and decide to relocate?

Municipal officers must act as catalysts of development - not as mere salesmen - working closely with industry and labour. In particular, securing provincial and federal assistance for research development and initial capital is an appropriate joint effort. Municipalities will find it more efficient to work with specific firms and projects in mind, rather than developing a blanket approach.

An effective and sophisticated information base and development of a plan are the key elements in successful activities. Working toward a community consensus is the third. Does it want to grow? What activities are unwanted? What kind of industries are compatible with existing ones? Total consensus is usually impossible, but the process of involvement is critical for effective implementation of the plan. For example, necessary infrastructure may not be approved by Council if the community does not support the development.

IV MUNICIPAL STRATEGIES

Hard Services

Adequate transportation facilities, water, sewerage and hydro are the basis for any municipal development activity. Companies usually ensure at an early stage that their needs will be met. The municipality must ensure it understands the effects and costs of development.

> There is a story going that one community heard of a chemical firm that planned to build a branch plant. The development commission spent considerable time, effort and money and succeeded in interesting the manufacturer into looking into their particular area. Only then did the community learn that the needs of the manufacturer would require doubling the water supply and make a costly expenditure to the waste disposal plant, which the local tax base could not support. I need hardly comment on the general attitude of the company to this community when it found out the real situation. Wiser to this experience, the town renewed it's search, but this time for an industry better matched to its resources.[1]

If a municipality does a proper job of analyzing its infrastructure and resource base, this will be avoided.

Developing Industrial Parks and Revitalizing Existing Areas

The availability of industrial land is important. Industries obviously will locate in an area which has appropriate serviced land available. The Globe and Mail on June 8, 1981 presented information on land availability, price, amenities and ownership. Industrial parks are extensive across the country, as illustrated by Table 6.

With over 1000 parks listed, the competition is high. The company will simply go to another area if a municipality has no available serviced land. Are municipally owned parks the only option? Many municipalities believe the answer is yes. Certain advantages and disadvantages exist with municipally owned parks.

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[1]Ken Burke, p.6.

Table 6 Number of Communities with Available Industrial Sites Across Canada, 1981

Province	No. of communities	Range of size of communities (approx.)
British Columbia	52	350 - 440,000
Alberta	58	1,900 - 600,000
Saskatchewan	25	600 - 160,000
Manitoba	23	900 - 610,000
Ontario	172	1,000 - 678,000
Quebec	137	1,000 - 1,000,000
New Brunswick	12 (regions)	5,000 - 16,000
Nova Scotia	15	2,500 - 278,000
Prince Edward Island	3	1,500 - 17,000
Newfoundland	12	2,800 - 86,500
	509	

Source: Globe and Mail, "Report on Industrial Sites", June 8, 1981

The basic advantages are:

* The land prices can be lower since many areas cover only their costs and receive preferential provincial financing.
* More control can be exerted over the type of industry which locates there.
* The private sector may not be interested in developing sites according to a municipal time table.

The disadvantages are:

* The site may remain unsold. The result is a large outlay of money and high risk for little return.
* Developing industrial parks is a business which takes experience. The municipality must manage the land on a long term basis, a factor causing great problems in some cases.
* Some of the best sites are already held by private companies.

The Globe and Mail survey shows the percentage of privately owned parks. The figures for Ontario, with the largest number of parks, are presented in Table 7. Areas under 50,000 have more municipally-owned parks, since private developments are less likely in smaller areas. As well, close proximity to major centres increases the frequency of private development.

If municipalities do own parks, the key is planning. A small community in Ontario bought an industrial park for light and heavy industry. Problems arose when they realized the cost of building a bridge across a ravine and servicing the land. Another area bought a park which was land-locked, delaying development and wasting time and money.

Table 7 Ownership of Available Industrial Sites, Ontario

Population	Municipal			Private		
	# of sites	Acres Available	% of Total Available a)	# of sites	Acres Available	% of Total Available a)
up to 10,000	69	4,501	28%	71	11,591	72%
			b) 50%	70	4,491	50%
10,001 - 25,000	19	1,305	13%	62	8,528	87%
25,001 - 50,000	16	2,657	52%	33	2,426	48%
50,001 - 100,000	13	1,728	41%	17	2,439	59%
100,000 and up	15	1,109	13%	82	7,397	87%
Total	132	11,300	23%	335	36,872	77%

a) These percentages exclude provincial and federal sites which represent 2% of the overall sites available.

b) This is the percentage for that category without a large 7,100 private park.

Source: Globe and Mail, "Report on Industrial Sites", June 8, 1981.

The potential of revitalizing older existing industrial areas must also be explored. A review of existing industrial land and buildings is important with high interest rates and industry postponing large capital investment. Already serviced, under utilized land and buildings constitute a resource often overlooked. Existing industrial areas present specific problems of age and structure of buildings, zoning, transportation capacity and location of sites. They are able, nevertheless, to satisfy the needs of some industry - especially by providing cheap space. If cost effective, municipalities can buy and refurbish buildings for lease or assist industry in adapting the space for production. The trend in the next few years will be away from new parks which have a high capital and carrying expense, to a recognition that municipalities are better off analysing existing resources and utilizing them more effectively.

Quality of Life Considerations

The Conference Board report indicates the significance quality of life plays in location decisions. Many municipalities are selling themselves based on climate, low crime rates, restaurants, cultural facilities, health care faciities, cheaper housing and so on. Learning to assess amenities, strengths and weaknesses and using them to advantage are critical.

According to some developers, recreation services are essential for attracting tenants to industrial parks. For example, the Reimer Industrial Park in Burlington has been equipped with a 25,000 square foot indoor roller skating rink and may add a fitness centre.[1]

However, industry follows an economic logic. If a location cannot satisfy cost criteria and ensure a viable operation, no quality of life considerations can compensate. A municipality located away from a large centre will find this fact increasingly important.

Promotional Activities

Marketing and promotion are seen as the keys to success. Municipalities have a role in aiding and encouraging industries to locate, expand, etc. With new industries, in particular, information from municipal and provincial sources plays a large role in the initial evaluation of sites. Globe Research Corporation did a survey of 6,000 companies in 1981. Information on potential sites, community, labour force, taxes, financing, transportation, availability of energy/utilities and growth and population trends were listed as items which the respondents sought in area development advertising.

Promotion and marketing are a large budget item. Industrial promotion literature (in the form of brochures, booklets and directories) are distributed widely and serve as a marketing and reference tool. Information has to be prepared and updated on a regular basis. Such packages are distributed through direct mailings, personal contact, conferences, media advertising, visits to prospects, the province, real estate and other development agencies.

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[1]The Globe and Mail, "Extra Services Held Key Drawing Card", (June 8, 1981).

V UNRESOLVED ISSUES AT THE LOCAL LEVEL

A number of fundamental issues remain unresolved at the local level. Some of these have solutions. Others are more difficult to tackle. Municipalities have to work toward a resolution before they can have effective programs.

Competition

Competition is inevitable between municipalities, provinces and countries. It also can be detrimental. Municipalities try to entice industry to relocate from another community. The transfer of a business stimulates the recipient community but has economic effects on the area losing the business. Municipalities are also beginning to "bid" for companies. They put packages together, including writing down city-owned land costs and assisting with job training and bid back and forth. This is many times encouraged by the provincial governments.

This competition weakens the overall economic effort. To directly hurt another municipal economy will cause long term effects. Nothing is added to the overall economic picture.

There is no easy division of responsibility with regard to economic development. Some argue the efficient use of resources can only be achieved through centralized decision making. This may be true if the focus is attracting new industries to an area. However, this approach has numerous problems: increased competition within a region; less control at the local level; and duplication of time and money. If the focus is on encouraging indigenous growth, however, then the initiative lies with the individual municipality which knows its local economy.

Organizational Structure

The economic development function is currently performed in a variety of ways. Some municipalities work within the local chamber of commerce; others create a separate body operating as an independent development commission.

The most common organization, however, is either a separate municipal department or as part of another department such as planning.

Industrial promotion officers are becoming full time positions. The city clerk, the clerk-treasurer, or the planner have previously performed the job on a part time basis. In the larger municipalities, specific departments or industrial development commissions with full time staff (usually 2 to 4 people) are the usual organizations.

To do the job effectively takes time and energy. A part time person can only be reactive. Certainly if there is an industrial park involved, a full time position is warranted. As well, the best structure is the full time Industrial Development Commissioner heading a separate department. The reporting is to Council who weighs the proposals against other considerations, such as planning. Combining development with the planning department has caused conflicts within the department. Planning goals and industrial development goals should be the same. Unfortunately, many times they are not. Both are important. The role of Council is to weigh the two considerations. With adequate analysis and planning of the economic development, this task will be easier.

Regardless of structure, the individual plays an important role. 20% of the job is estimated to be learned skills, the rest is the individual's ability to perform the job.

Cost/Benefit Analysis

Few municipalities are engaging in an analysis of the short vs. long term costs and benefits of their activities. The amount of money spent at the local level for industrial development is increasing rapidly, as shown in Table 9. The increase in figures reflect spending on industrial parks as well as an increase in the number of municipalities engaged in activities. Table 8 shows the budgeted amounts for various sized municipalities in Ontario for 1982.

With all the hidden costs, i.e. administrative, general infrastructure, service increases, etc., it may become cost ineffective to have large

promotional programs focusing on attracting large outside industries. Municipalities must begin to monitor all costs and benefits on a long term basis, and plan their approach accordingly.

Table 8 1982 Budgetted Amounts for Economic Development
Selected Ontario Municipalities by Population

	1980 Population	1982 Budget Allocation	% of Budget	Per Capita
Ottawa	301,567	$133,600	.09	$ .44
Brampton	140,649	94,600	.41	.67
St. Catharines	123,617	365,521	.97 (a)	2.95
		292,650	.78 (b)	
Thunder Bay	111,949	70,400	.09	.62
Sault St. Marie	81,355	230,207	.44 (a)	2.82
		159,017	.30 (b)	
Cambridge	75,716	183,075	.67	2.41
Gloucester	71,276	615,835	2.43 (a)	8.64
		157,835	.62 (b)	
Niagara Falls	70,775	661,300	2.31 (a)	9.34
		635,500	2.22 (b)	
Peterborough	61,470	577,609	1.69 (a)	9.39
		341,209	1.00 (b)	
Waterloo	54,157	135,100	.93	2.49
Regions:				
Ottawa/Carleton	548,995	2,398,000	.88	4.37
Hamilton/Wentworth	410,045	804,040	1.84	1.96
Niagara	367,665	165,000	.14	.45
Durham	276,775	247,467	.32	.89
Sudbury	159,701	324,283	.60	2.03
Haldimand/Norfolk	87,544	67,930	.25	.78

(a) includes charge for debt servicing, land purchases, etc., related to industrial parks
(b) excludes the above

Source: Municipal budgets for various municipalities

Table 9 Municipal Expenditure for Industrial Development by Province[a]

	1977		1978		1979		1980 (c)		1981 (c)	
	$ (000)	% of Total Municipal Expenditures (b)	$ (000)	% of Total Municipal Expenditures (b)	$ (000)	% of Total Municipal Expenditures (b)	$ (000)	% of Total Municipal Expenditures (b)	$ (000)	% of Total Municipal Expenditures (b)
Newfoundland	100	.11%	207	.19%	-	-	-	-	-	-
P. E. I.	-	-	-	-	55	.27	-	-	-	-
Nova Scotia	381	.12	777	.23	1,377	.37	354	.08	568	.11
New Brunswick	780	.44	425	.23	386	.19	483	.22	460	.19
Quebec	7,233	.23	8,063	.24	8,435	.25	19,193	.42	17,588	.36
Ontario	29,562	.64	40,443	.78	16,479	.31	36,367	.64	52,519	.83
Manitoba	200	.04	736	.13	157	.02	152	.02	205	.03
Saskatchewan	122	.02	-	-	767	.12	919	.14	1,109	.15
Alberta	20,713	1.35	14,470	.77	7,693	.36	7,382	.29	24,371	.81
British Columbia	691	.06	1,097	.08	2,149	.16	4,832	.31	2,953	.16
TOTAL	59,782	.50	66,220	.49	37,498	.26	69,682	.42	99,773	.55

(a) slight definition changes account for some variations between years
(b) excludes education costs
(c) from preliminary draft, publication 68-203

Source: Statistics Canada 68-203 & 68-204, Local Government Finance

Federal and Provincial Programs

Both the federal and the provincial governments have a multitude of programs to stimulate economic development - from direct monetary incentives for industries to compiling statistics for municipalities. Initiatives such as the federal Department of Regional Economic Expansion (DREE) now part of the new Department of Regional Industrial Expansion (DRIE) are familiar.

The plethora of programs means that most municipalities can find assistance from both provincial and federal agencies. The onus is on the municipality, however, to contact the other two levels of government and find out what assistance is available. Smaller areas, in particular, can gain a great deal of help from these sources.

Two problems exist with many of the provincial and federal programs. The first is the lack of coordination. The extent of programs makes it difficult to ascertain exactly what is available and the conditions attached. No central agency acts as a contact point for information to municipalities. Some provinces are centralizing their operations to have most assistance programs within the same ministry.

The other question is effectiveness. The federal government has presented the framework for its economic policy in Economic Development in Canada in the 1980s. Some provinces have their own economic development strategies such as in Ontario, Quebec and Newfoundland. Many of these have common elements - for example, the emphasis on high technology industries or resource industries. A number of studies are being conducted that address the effectiveness of these various programs and if there might be more appropriate methods of stimulating economic development.

VI CONCLUSIONS AND RECOMMENDATIONS

Municipalities have a distinct role to play in promoting economic development. The local level is the hardest hit by economic trends and has the most stake in trying to maintain a stable base for the community. For this reason, municipalities ranging from 350 people to over 1 million are developing economic strategies.

The Bureau believes some problems exist with many of the current strategies. Municipalities must adapt to current economic trends and become more circumspect in developing actions.

We believe development activities must concentrate more on retaining and expanding the existing economic base within a community. Appropriate actions include: acting as a point of contact for businesses; relieving tensions between the municipality and industries; encouraging development of complementary products and technologies; promoting research and innovations with companies and universities.

The previous emphasis of municipalities on trying to attract one large manufacturing plant is misplaced. There are few large plants to go around and since they are not tied to the local community as a market, they may leave as fast as they came. We believe the emphasis must be on smaller plants which are more closely tied to the local economic base.

The service sectors will continue to see the most growth over the next few years and strategies must reflect this. However, manufacturing growth, particularly small developments, must not be discounted.

The Bureau recommends that the first step be the development of an effective and sophisticated information base within the community. This includes information on population figures, employment characteristics, current industrial activity, commuting patterns, income, climate, community and recreation services, housing, schooling, utilities, transportation, the capacity of current infrastructure. As well, an understanding of the existing industry markets, suppliers, skill requirements, technological changes, decisions to expand, must be achieved. Provincial governments

should make grants available on a cost saving basis to complete these studies. Municipalities can gain a great deal of assistance from federal and provincial programs.

A plan must be developed from this information base taking into account the community's priorities. Industrial promotion and development activities must be considered as part of a larger package of community development objectives. The plan must have a method of implementation. Although this report has focused on industrial development, municipalities should look at the broader issue of comprehensive economic development. Many areas are better suited to having commercial developments or tourism.

We believe an industrial park should only be undertaken as part of a clear overall plan, and after considering the feasibility of revitalizing existing industrial areas. Many municipalities have not clearly thought out their strategies in terms of whether they need municipally owned parks, where the parks should be located, and how they should be managed.

Promotional activities and materials are important aspects of effective economic development. An imaginative and vigorous campaign which implements the overall plan is essential.

The Bureau recommends municipalities effectively coordinate activities and not compete for limited resources. If the focus is on indigenous growth then competition will subside.

In terms of how the activity is undertaken, we believe the most effective model is a full time Industrial Development Commissioner reporting directly to Council. As well, the importance of the individual should not be understated, primarily in smaller areas.

We recommend municipalities begin to do real cost/benefit studies of their activities. It is assumed that gaining new jobs and taxes are beneficial. Evidence exists that the costs may in fact be high. Without monitoring the situation, it is impossible to know whether long term gains exist.

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